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NEWSLETTER

Vol. XIV No. 8
August 1990

Unemployment Rate

Seasonally Adjusted
June *

ARIZONA	–	5.3%
Maricopa Co.	–	4.3
Pima Co.	–	4.5
United States	–	5.2

Consumer Price Index

U.S. – June 1990
Base = 1982-84

Wage Earner/Clerical Worker	–	128.3
% Chg. Year Ago	–	4.5
All Urban	–	129.9
% Chg. Year Ago	–	4.7

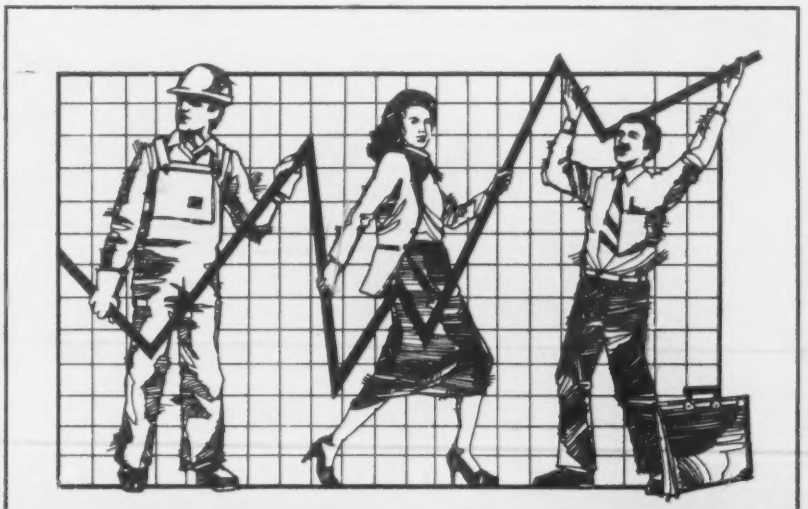
Phoenix – 2nd Qtr 1990
Base = 1982-84

All Urban	–	131.8
% Chg. Year Ago	–	4.7

Tucson – 2nd Qtr 1990
Base = 1982-84

All Urban	–	127.5
% Chg. Year Ago	–	1.8

* Preliminary



Forecast Update

'90-'91

Research Administration Issues Adjusted Employment Projections

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Arizona Department of Economic Security
— Moving People Toward Self-Sufficiency

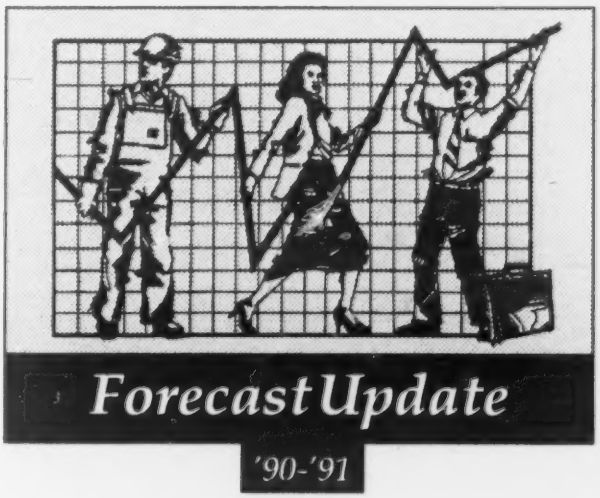
Despite Stormy Signs, Arizona Outlook Remains Bright

Employment Growth Moderately Strong in First Half of Year, Predicted to Grow 3.5% in '91

Preliminary wage and salary employment figures for the first half of 1990 confirm that Arizona's economy continued to expand at a healthy pace and also suggest the possibility of even better times ahead.

Despite the recent pace of employment growth in Arizona — up 3.4 percent from June 1989 to June 1990 — there is concern that the national economy may be faltering. News about stagnant manufacturing growth, defense-spending cuts, weak home sales, inflation concerns, higher interest rates, the budget deficit, the savings and loan debacle, and tension in the Persian Gulf would appear to portend tough times ahead for the nation as a whole.

Arizona's economy does not exist in a vacuum; a downturn on the national front will certainly affect performance in the state. However, the doomsayers will likely not prevail, as the consensus is that the end result will be continued economic expansion for both Arizona and the nation. A recession will probably be averted, at least over this forecast horizon.



The updated forecast calls for annualized wage and salary growth of 3.2 percent in 1990, an addition of 47,200 jobs statewide. In 1991, Arizona's economic expansion will continue with the creation of 52,400 jobs, or a growth rate of 3.5 percent.

The bulk of these jobs will be created in Maricopa County. However, when taken as a group, the non-metropolitan counties will grow at a faster rate than Maricopa County and add a greater number of jobs than Pima County.

Industries that will experience particularly strong employment growth in 1990 are services; government; transportation, communications, and public utilities (TCPU); and mining. Trade will have a moderate year, at best.

Finance, insurance, and real estate (FIRE) and manufacturing will exhibit weakness, while construction will continue to lose employment. Much will be the same in 1991, except that all industries will increase employment over the previous year's level.

The bright spot in Arizona's economy continues to be services. This industry will dominate all others in terms of numbers of jobs created and will account for more than 40.0 percent of the total. Services will create 20,800 jobs in 1990

(Continued on page 5)

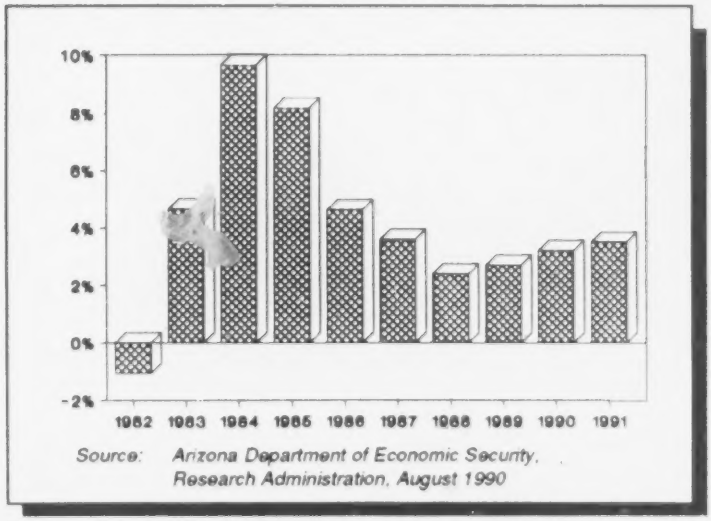


Figure 1. Arizona Wage and Salary Employment Growth Rates, Actual (1982-89) and Projected (1990-91)

Price of Oil, Other Variables Will Have Major Effect on State's Economic Health

Note: The following analysis of key variables was conducted prior to recent developments in the Persian Gulf. The impact of Mid-East tensions on the world, national and state economies has yet to be determined. However, in general, if higher oil prices are sustained, then a slowdown in economic activity will most likely result.

In forecasting Arizona's employment levels, a basic premise holds true: external events can and do influence the state's economic well-being. Examples include oil price fluctuations and natural disasters at one extreme, and at the other end, much subtler economic variables, such as the rate of inflation.

A discussion of key economic variables, or assumptions, is important because of their major role in DES, Research Administration's two-year employment projections, which are issued each February, then updated six months later.

Research Administration inputs these variables — along with employment and unemployment data — into its Arizona Employment Forecasting Model (AEFM). The AEFM is a 250-equation econometric model that simulates various economic scenarios to produce employment projections for Arizona and its major substate regions (e.g., Maricopa County).

Research Administration has chosen the WEFA Group (Wharton Econometric Forecasting Associates) as an advisor on the future course of the national economy. Following is a discussion of the national economic variables that are considered important in influencing Arizona's near-term economic future.

Real Gross National Product (GNP), continuing a trend that began in the fourth quarter of 1989 (1.1 percent annualized growth), will remain weak through 1990. WEFA expects GNP to grow at a sluggish rate of 1.6 percent in 1990, then increase slightly to 2.0 percent in 1991.

The rate of inflation, as measured by the percent change in the U.S. Consumer Price Index for all urban consumers (CPI-U), is expected to continue to aggravate an already weak economy in 1990. The CPI-U, after increasing 4.8 percent in 1989, is forecast to increase 5.0 percent in 1990, then moderate somewhat in 1991 to 4.2 percent.

The Federal Reserve, which through its policy decisions influences interest rates, is in a precarious situation. Trying to maintain tight monetary policy in order to fight inflation while keeping the U.S. economy from slipping into recession is a tightrope act, at best. Then enter possible oil price shocks.

The federal funds rate, which averaged 9.22 percent in 1989, is expected to edge downward to 8.16 percent in 1990 and 8.14 percent in 1991. The prime lending rate for major banks, which averaged 10.87 percent in 1989, is expected to average 10.01 percent in 1990 and 10.13 percent in 1991.

Key Variables

- Consumer Spending
- Dollar
- Gross National Product
- Inflation
- Interest Rates
- Oil Prices

As evidenced by the escalating tension in the Persian Gulf, the price of oil is a major factor in the world economy. WEFA had expected the refiners' acquisition cost (RAC) for a barrel of oil, which averaged $18.00 in 1989, to average $17.60 in 1990 and decrease slightly to $17.20 in 1991. WEFA will most likely adjust upward the RAC forecast in the months ahead.

The real value of the dollar, as measured by the Morgan Guaranty 40-country index, gained 4.4 percent in 1989. However, the value of the dollar is forecast to decline 2.9 percent in 1990 and then slide another 2.5 percent in 1991.

Consumer spending is expected to remain weak over the forecast horizon. After advancing 2.7 percent in 1989, consumer spending is forecast to increase a paltry 1.7 percent in 1990, then accelerate somewhat in 1991 to 2.0 percent.

—DES, Research Administration

Table 1. Arizona and Maricopa, Pima and Non-metropolitan Counties' Wage and Salary Employment, Actual (1989) and Projected (1990-91) (In Thousands)

ARIZONA

	1989	Growth Rate	1990	Growth Rate	1991	Growth Rate
Labor Force	1,706.0	2.8%	1,730.0	1.4%	1,777.3	2.7%
Unemployment	89.0	-14.4%	91.8	3.1%	96.9	5.6%
Unemployment rate		5.2%		5.3%		5.5%
Total Employment	1,617.0	3.9%	1,638.2	1.3%	1,680.4	2.6%
Total Wage and Salary Employment	1,457.2	2.7%	1,504.4	3.2%	1,556.8	3.5%
Manufacturing	188.0	-0.5%	188.5	0.3%	191.2	1.4%
Mining	12.2	2.5%	12.9	5.7%	13.4	3.9%
Construction	85.9	-8.3%	82.7	-3.7%	82.9	0.2%
TCPU*	76.7	3.5%	80.5	5.0%	83.9	4.2%
Trade	366.7	4.4%	379.1	3.4%	393.6	3.8%
FIRE**	92.6	-1.7%	93.9	1.4%	95.7	1.9%
Services	389.0	5.7%	409.8	5.3%	431.3	5.2%
Government	246.1	3.8%	257.0	4.4%	264.9	3.1%

MARICOPA COUNTY

	1989	Growth Rate	1990	Growth Rate	1991	Growth Rate
Labor Force	1,060.7	2.8%	1,072.1	1.1%	1,101.2	2.7%
Unemployment	45.4	-13.5%	47.1	3.7%	49.1	4.2%
Unemployment rate		4.3%		4.4%		4.5%
Total Employment	1,015.3	3.7%	1,025.0	1.0%	1,052.1	2.6%
Total Wage and Salary Employment	963.2	2.6%	994.1	3.2%	1,028.4	3.5%
Manufacturing	139.3	0.7%	140.0	0.5%	141.5	1.1%
Mining	0.9	28.6%	1.0	11.1%	1.1	10.0%
Construction	57.9	-9.8%	54.9	-5.2%	54.9	0.0%
TCPU*	53.6	4.3%	56.7	5.8%	59.4	4.8%
Trade	247.6	3.9%	255.8	3.3%	265.3	3.7%
FIRE**	74.3	-0.8%	75.3	1.3%	76.6	1.7%
Services	262.7	6.0%	277.5	5.6%	292.9	5.5%
Government	126.8	3.2%	132.9	4.8%	136.8	2.9%

PIMA COUNTY

	1989	Growth Rate	1990	Growth Rate	1991	Growth Rate
Labor Force	316.0	0.7%	318.5	0.8%	326.7	2.6%
Unemployment	14.1	-12.4%	13.5	-4.3%	14.7	8.9%
Unemployment rate		4.5%		4.2%		4.5%
Total Employment	301.9	1.4%	305.0	1.0%	312.0	2.3%
Total Wage and Salary Employment	250.0	0.2%	255.4	2.2%	262.7	2.9%
Manufacturing	28.0	-7.6%	26.9	-3.9%	27.0	0.4%
Mining	2.1	10.5%	2.3	9.5%	2.4	4.3%
Construction	15.1	-12.2%	14.6	-3.3%	14.7	0.7%
TCPU*	9.5	1.1%	9.6	1.1%	9.7	1.0%
Trade	58.5	2.3%	60.0	2.6%	61.8	3.0%
FIRE**	11.4	-7.3%	11.6	1.8%	11.9	2.6%
Services	71.8	3.5%	74.8	4.2%	77.6	3.7%
Government	53.7	3.9%	55.7	3.7%	57.6	3.4%

NON-METROPOLITAN COUNTIES

	1989	Growth Rate	1990	Growth Rate	1991	Growth Rate
Labor Force	329.3	4.6%	339.3	3.0%	349.4	3.0%
Unemployment	29.5	-16.7%	31.1	5.4%	33.1	6.4%
Unemployment rate		9.0%		9.2%		9.5%
Total Employment	299.8	7.3%	308.2	2.8%	316.3	2.6%
Total Wage and Salary Employment	244.0	5.4%	254.9	4.5%	265.6	4.2%
Manufacturing	20.7	1.5%	21.6	4.3%	22.6	4.6%
Mining	9.2	-1.1%	9.6	4.3%	9.9	3.1%
Construction	12.9	4.9%	13.1	1.6%	13.4	2.3%
TCPU*	13.6	2.3%	14.3	5.1%	14.7	2.8%
Trade	60.6	8.8%	63.3	4.5%	66.4	4.9%
FIRE**	6.9	-1.4%	7.1	2.9%	7.3	2.8%
Services	54.5	7.3%	57.5	5.5%	60.9	5.9%
Government	65.6	4.8%	68.4	4.3%	70.5	3.1%

***TCPU = Transportation, Communications, and Public Utilities; **FIRE = Fire, Insurance, and Real Estate**

NOTE: Totals may not add due to rounding

Source: Arizona Department of Economic Security, Research Administration, August 1990

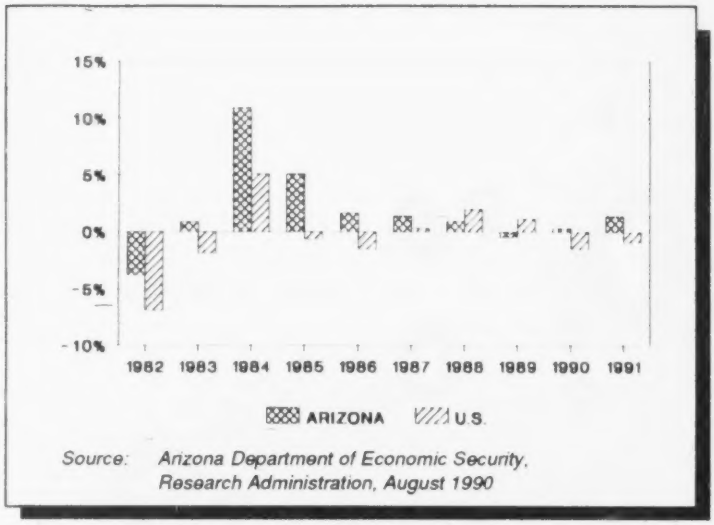
(Continued from page 2)
and 21,500 in 1991, with growth rates for the respective years of 5.3 and 5.2 percent.

Government will expand 4.4 percent in 1990, creating 10,900 jobs. Much of 1990's robust growth is the result of the federal government's hiring of census workers, although school employment will also contribute. Govern-3ment's employment growth in 1991 will drop back to normal historical levels, coming in at 3.1 percent (7,900 jobs).

While the public utilities sector remains weak, the transportation industry will more than compensate with airline expansion. Research Administration forecasts TCPU will add 3,800 jobs in 1990 (5.0 percent growth), but will slow somewhat in 1991, adding 3,400 jobs (4.2 percent growth).

After many lean years in the 1980s, the mining industry seems to be healthy again. The price of copper has remained relatively high and has resulted in record profits for some firms.

Although employment in mining will not likely attain levels experienced a decade ago, the industry will continue to expand. Mining will add 700 jobs in 1990 and 500 in 1991, growing 5.7 percent and 3.9 percent in each respective year.



Source: *Arizona Department of Economic Security, Research Administration, August 1990*

Figure 2. Arizona vs. U.S. Manufacturing Employment Growth Rates, Actual (1982-89) and Projected (1990-91)

Consumer spending has decreased slightly in 1990 and, as a result, so has the rate of growth in trade. Trade will add 12,400 jobs in 1990, an increase of 3.4 percent. Trade's growth in 1991 will be slightly higher at 3.8 percent (14,500 jobs).

Employment in FIRE remains weak as do real estate prices in much of Arizona. With the Resolution Trust Corp. continuing to wrestle with properties of defunct savings and loans, the prospects for growth are not high.

The insurance sector, however, is bolstering overall FIRE performance. FIRE will add 1,300 jobs in 1990 (1.4 percent growth), then expand by 1,800 jobs in 1991 (1.9 percent growth).

Highly publicized defense manufacturing layoffs paint a poor picture of manufacturing in Arizona. The state, however, is fortunate because other areas of the country are much more vulnerable to these types of cutbacks.

Manufacturing will produce a meager 500 jobs in 1990, growing 0.3 percent. But the outlook for 1991 is better with growth of 1.4 percent (2,700 jobs).

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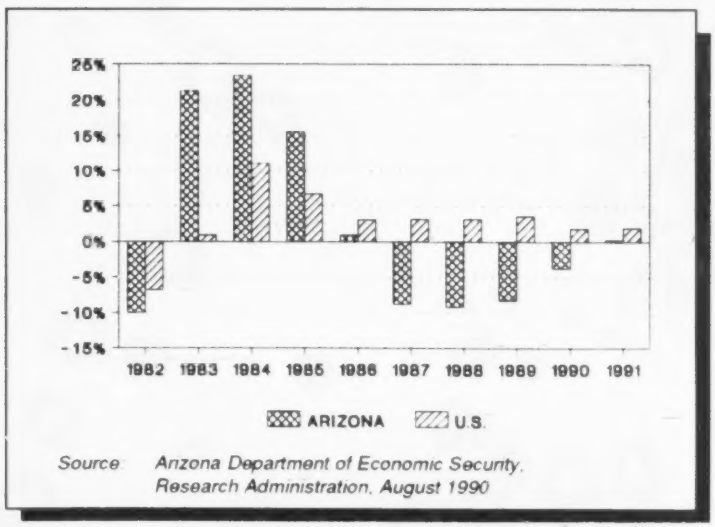


Source *Arizona Department of Economic Security, Research Administration, August 1990*

Figure 3. Arizona vs. U.S. Construction Employment Growth Rates, Actual (1982-89) and Projected (1990-91)

(Continued from page 5)

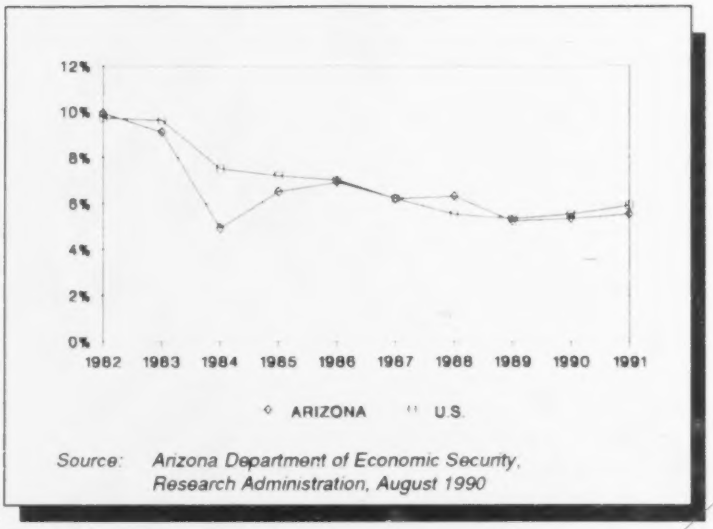
Construction continues to experience a downward spiral, although at a diminishing rate. This troubled industry is plagued by many problems without any solutions on the horizon. Nothing short of a population explosion or a collapse in interest rates will produce a recovery for construction employment.

Construction will lose 3,200 jobs in 1990 and then stabilize in 1991 with a nominal increase of 200 jobs. That translates into a 3.7 percent employment decline and 0.2 percent increase in 1990 and 1991, respectively.

Finally, the unemployment rate in Arizona will increase slightly over 1989 levels, averaging 5.3 percent in 1990 and 5.5 percent in 1991.

All in all, Arizona's outlook for this year and next remains positive. However, dynamic changes in the world economy may very well result in slower growth for both the state and the nation.

—Marc A. Marra
RA Economist



Source: Arizona Department of Economic Security, Research Administration, August 1990

Figure 4. Arizona vs. U.S. Unemployment Rates, Actual (1982-89) and Projected (1990-91)

Mass-Layoff Actions in State Up in '90, But Number of Separations Drops

Note: The following story is a follow-up to an article in the July 1990 Arizona LMI Newsletter. Additional information on Arizona and U.S. mass-layoff events and the Mass Layoff Statistics (MSL) program can be found in that issue.

Through the first half of 1990 the number of mass-layoff events in Arizona has risen more than 20 percent over the same period in 1989, but the total number of workers losing employment from these actions has actually declined 23 percent, according to preliminary data compiled by DES, Research Administration.

At the end of June, 59 mass-layoff events had been reported for the year, compared to 49 for the first six months of 1989. The severity of layoff actions though June of this year, however, was much less than in 1989, with a total of 9,820 workers losing their jobs due to mass-layoff events compared to 12,076 last year.

Data collected on mass layoffs in Arizona by Research Administration is part of the Mass Layoff Statistics (MLS) program conducted by the U.S. Department of Labor's Bureau of Labor Statistics (BLS). The MLS program, a federal-state cooperative project, covers layoffs of at least 31 days in duration, involving 50 or more individuals who filed initial claims for unemployment insurance during a consecutive three-week period.

A closer look at Arizona data shows that mass-layoff actions increased for the first half of 1990 over the same period in 1989 in both the agricultural (23 vs. 16) and non-agricultural sectors (35 vs. 33). But while the number of separations increased slightly in agricultural businesses this year (5,047 vs. 4,737), there was a significant drop-off in separations in the non-agricultural sector (4,773 vs. 7,339).

Among industries in the non-agricultural sector, manufacturing had the greatest change in terms of mass-layoff events — dropping one-third (8 in '90 vs 12 in '89) — and the number of separations due to those events had an even steeper percentage decline, falling from 1,487 to 632.

In non-manufacturing industries, there was a 42 percent increase (27 vs. 19) in the number of mass-layoff actions this year. But those events were far less severe and translated into a 41 percent drop in number of separations. Separations in non-manufacturing businesses declined 1,711 during the first six months of this year (4,141 vs. 5,852), primarily because of a drop of about 1,000 in the services sector.

The Arizona Labor Force in June

Arizona's seasonally adjusted unemployment rate fell for the first time in 1990, dropping one-half of one percent in June to 5.3 percent. This compares favorably with the national rate of 5.2 percent.

But while most of the state did enjoy lower jobless rates in June, Greenlee, LaPaz, and Mohave counties saw their rates increase. And double-digit unemployment was still occurring in Apache, Navajo, Santa Cruz, and Yuma counties.

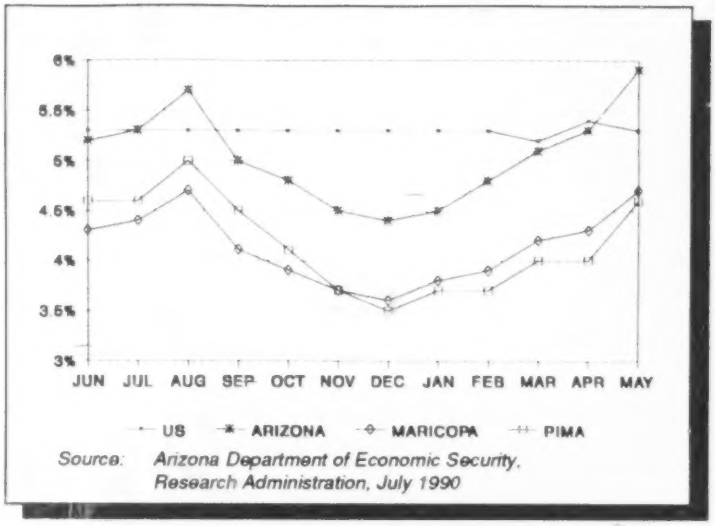
The ranks of both the employed and unemployed grew, pushing Arizona's total civilian labor force up 26,100. Total employment for June increased a healthy 17,400. The sizable increase in employment, however, is not supported by the change in total non-agricultural wage and salary employment, which showed a decline of 34,000.

An explanation for the apparent discrepancy lies in the difference between the residence-based household survey of total employment and unemployment, and the job-based business establishment survey of wage and salary employment.

As students leave school at the end of the school year, they are counted among the total employed if they look for work and find a job, work as unpaid family members in their parents' business for 15 or more hours a week, or perform other gainful work (e.g., cutting lawns).

Students are counted among payroll employed (non-agricultural wage and salary employment) *only* if they work for a wage or salary, not as unpaid family or self-employed workers. Much of June's total employment growth appears to be related to these latter two groups.

The large loss in payroll employment was due mainly to a normal seasonal drop in government employment — most of which came from a reduction in school personnel during summer recess. Without the loss in government employment, non-agricultural wage and salary employment would show an increase of 4,300.



Source: *Arizona Department of Economic Security, Research Administration, July 1990*

Figure 1. U.S., Arizona, and Maricopa and Pima Counties' Unemployment Rates, July 1989–June 1990

The only other sectors to show employment declines in June were finance, insurance, and real estate (FIRE) and retail trade, with both dropping 700. The decrease in FIRE employment came in a month when it normally has a gain, while the drop in retail trade was 300 more than the normal decline. Eating and drinking places and food stores showed greater-than-normal declines for the month.

Manufacturing and services were the big winners employment-wise in June. Manufacturing gained 1,500, when gains of 1,000 are normal.

Both durable goods and non-durable goods experienced greater-than-normal gains, with manufacturing up nine-tenths of a percent over June 1989. Maricopa County had a 1,000 gain in manufacturing employment, with Pima County and the non-metropolitan counties gaining 200 and 300, respectively.

While Maricopa County and the state as a whole showed over-the-year increases in manufacturing employment, Pima County's manufacturing employment was down 2.2 percent

(Continued on page 12)

	ARIZONA				
	June* 1990	May 1990	June 1989	Amount Change May - June	Change 1989 - 1990
TOTAL CIVILIAN LABOR FORCE**	1752.0	1725.9	1724.0	+26.1	+28.0
Total Unemployment	101.5	92.8	98.3	+8.7	+3.2
Rate	5.8	5.4	5.7	—	—
Rate (Sea. Adj.)***	5.3	5.8	5.2	—	—
Total Employment	1650.5	1633.1	1625.7	+17.4	+24.8

Note: **Above Labor Force Statistics Should Not Be Used for Economic Assistance Programs**

NONAGRICULTURAL WAGE AND SAL

TOTAL WAGE AND SALARY	1480.2	1514.2	1431.5	-34.0	+48.7
Manufacturing	189.6	188.1	188.0	+1.5	+1.6
Durable Goods	143.8	142.7	142.9	+1.1	+0.9
Stone, Clay, and Glass	7.4	7.4	7.3	0.0	+0.1
Primary and Fabricated Metals	15.5	15.6	15.7	-0.1	-0.2
Primary Metals	7.7	7.7	7.9	0.0	-0.2
Fabricated Metals	7.8	7.9	7.8	-0.1	0.0
Machinery	59.1	58.9	60.8	+0.2	-1.7
Aircraft and Missiles	27.6	27.3	25.9	+0.3	+1.7
Lumber and Wood Products (Excluding Furniture)	8.0	7.7	7.7	+0.3	+0.3
Nondurable Goods	45.8	45.4	45.1	+0.4	+0.7
Food and Kindred Products	10.1	9.9	9.6	+0.2	+0.5
Printing and Publishing	16.8	16.8	16.7	0.0	+0.1
Mining and Quarrying	12.9	12.7	12.2	+0.2	+0.7
Copper Mining	9.9	9.7	9.3	+0.2	+0.6
Construction	84.4	82.6	86.9	+1.8	-2.5
Trans., Communications, & Public Utilities	80.4	80.4	76.8	0.0	+3.6
Transportation	45.0	44.8	40.9	+0.2	+4.1
Communications and Public Utilities	35.4	35.6	35.9	-0.2	-0.5
Trade	375.9	376.3	364.0	-0.4	+11.9
Wholesale Trade	78.5	78.2	75.0	+0.3	+3.5
Retail Trade	297.4	298.1	289.0	-0.7	+8.4
General Merchandise and Apparel	44.9	44.9	43.8	0.0	+1.1
Food Stores	48.2	48.4	48.4	-0.2	-0.2
Automotive and Service Stations	36.3	35.7	35.8	+0.6	+0.5
Eating and Drinking Places	106.4	107.3	102.0	-0.9	+4.4
Finance, Insurance, and Real Estate	93.8	94.5	92.4	-0.7	+1.4
Services and Miscellaneous	410.0	408.1	389.1	+1.9	+20.9
Hotels and Lodging Places	46.1	46.4	42.1	-0.3	+4.0
Business Services	76.2	75.3	73.7	+0.9	+2.5
Health Services	101.3	100.8	96.4	+0.5	+4.9
Government	232.2	271.5	222.1	-38.3	+11.1
Federal	50.3	51.3	44.1	-1.0	+6.2

* Preliminary

** Labor force, unemployment, and employment are reported by place of residence.

*** Normal seasonal variations have been eliminated to reflect underlying economic trends.

**** Business Services undergoes a series break between December 1987 and January 1988 as a result of the 1987 SIC realignment.

ce and Employment
n Thousands)

	MARICOPA COUNTY					PIMA COUNTY				
				Amount	Change				Amount	Change
	June* 1990	May 1990	June 1989	May - June	1989 - 1990	June* 1990	May 1990	June 1989	May - June	1989 - 1990
	1090.3	1068.1	1076.4	+22.2	+13.9	317.6	314.5	322.0	+3.1	-4.4
	50.2	47.0	48.6	+3.2	+1.6	14.2	12.9	15.6	+1.3	-1.4
	4.6	4.4	4.5	—	—	4.5	4.1	4.8	—	
	4.3	4.8	4.3	—	—	4.2	4.5	4.6	—	
	1040.1	1021.1	1027.8	+19.0	+12.3	303.4	301.6	306.4	+1.8	-3.0
ARY EMPLOYMENT BY PLACE OF WORK										
	981.9	996.4	951.1	-14.5	+30.8	249.6	257.7	245.2	-8.1	+4.4
	140.5	139.5	139.6	+1.0	+0.9	27.2	27.0	27.8	+0.2	-0.6
	107.9	107.2	107.0	+0.7	+0.9	21.6	21.5	22.3	+0.1	-0.7
	4.5	4.5	4.5	0.0	0.0					
	10.5	10.7	10.8	-0.2	-0.3					
	48.6	48.5	49.8	+0.1	-1.2					
	32.6	32.3	32.6	+0.3	0.0	5.6	5.5	5.5	+0.1	+0.1
	6.8	6.7	6.4	+0.1	+0.4					
	12.1	12.1	12.1	0.0	0.0					
	1.0	0.9	0.9	+0.1	+0.1	2.3	2.2	2.1	+0.1	+0.2
	55.3	54.3	58.3	+1.0	-3.0	15.1	14.7	15.5	+0.4	-0.4
	56.7	56.3	53.6	+0.4	+3.1	9.6	9.6	9.6	0.0	0.0
	33.8	33.7	30.3	+0.1	+3.5	4.9	4.9	4.9	0.0	0.0
	22.9	22.6	23.3	+0.3	-0.4	4.7	4.7	4.7	0.0	0.0
	253.0	253.5	245.7	-0.5	+7.3	59.3	59.5	57.7	-0.2	+1.6
	62.9	62.4	60.2	+0.5	+2.7	7.9	7.9	7.6	0.0	+0.3
	190.1	191.1	185.5	-1.0	+4.6	51.4	51.6	50.1	-0.2	+1.3
	27.9	28.0	27.4	-0.1	+0.5	6.7	6.7	7.1	0.0	-0.4
	30.9	31.1	30.9	-0.2	0.0	7.7	7.8	8.0	-0.1	-0.3
	23.1	22.8	22.8	+0.3	+0.3	5.8	5.7	5.7	+0.1	+0.1
	67.4	68.2	64.8	-0.8	+2.6	19.8	20.0	19.0	-0.2	+0.8
	75.1	75.9	74.1	-0.8	+1.0	11.6	11.6	11.4	0.0	+0.2
	276.7	275.9	262.8	+0.8	+13.9	74.5	74.5	70.9	0.0	+3.6
	28.2	28.6	25.0	-0.4	+3.2	6.7	6.9	6.2	-0.2	+0.5
	61.4	60.6	60.2	+0.8	+1.2	10.1	10.1	9.6	0.0	+0.5
	65.7	65.4	63.0	+0.3	+2.7	21.8	21.8	20.6	0.0	+1.2
	123.6	140.1	116.1	-16.5	+7.5	50.0	58.6	50.2	-8.6	-0.2

NOTE: Prepared by the Arizona Department of Economic Security, Research Administration, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Nonmetropolitan Counties
Labor Force and Employment
June 1990

	Apache	Cochise	Coco-nino	Gila	Graham	Green-lee	La Paz
CIVILIAN LABOR FORCE*	13,375	37,150	46,675	13,250	8,300	2,900	6,725
Total Unemployment	2,750	2,475	3,800	1,250	625	250	500
Rate	20.6%	6.7%	8.1%	9.4%	7.5%	8.6%	7.4%
Rate (Seas. Adj.)**	15.2%	6.2%	6.9%	9.4%	7.1%	8.1%	8.8%
Total Employment	10,625	34,675	42,875	12,000	7,675	2,650	6,225
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS							
TOTAL WAGE AND SALARY	13,875	26,050	42,300	11,400	4,875	2,750	3,800
Manufacturing	825	1,275	3,425	1,500	225	25	275
Mining & Quarrying	50	175	325	1,350	0	1,700	75
Construction	475	750	2,025	425	150	75	200
T.C.P.U.	2,000	1,875	2,700	425	150	50	125
Trade	2,000	5,850	10,250	2,700	1,375	225	1,275
F.I.R.E.	450	650	725	325	125	25	100
Services & Misc.	4,650	5,200	12,175	2,250	850	150	1,050
Government	3,425	10,275	10,675	2,425	2,000	500	700

	Mohave	Navajo	Pinal	Santa Cruz	Yavapai	Yuma
CIVILIAN LABOR FORCE*	38,425	29,050	39,600	12,300	41,175	55,125
Total Unemployment	2,225	3,550	3,175	2,100	1,875	12,550
Rate	5.8%	12.2%	8.0%	17.1%	4.6%	22.8%
Rate (Seas. Adj.)**	5.9%	10.0%	7.2%	14.9%	4.6%	16.0%
Total Employment	36,200	25,500	36,425	10,200	39,300	42,575
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS						
TOTAL WAGE AND SALARY	26,625	22,050	28,000	10,725	27,950	28,300
Manufacturing	2,525	2,025	3,900	1,025	2,250	2,550
Mining & Quarrying	50	1,225	3,775	0	850	75
Construction	3,325	1,400	600	400	2,575	1,550
T.C.P.U.	1,175	1,675	1,075	750	1,125	975
Trade	8,425	4,575	5,975	4,775	7,900	8,275
F.I.R.E.	1,225	425	825	300	975	925
Services & Misc.	6,275	5,725	4,675	1,925	7,125	6,750
Government	3,625	5,000	7,175	1,550	5,150	7,200

* Adjusted to the Current Population Survey (CPS) to reflect place of residence.

** Seasonal adjustment not applicable for economic assistance programs.

T.C.P.U. = Transportation, Communications, and Public Utilities

F.I.R.E. = Finance, Insurance, and Real Estate

Prepared in conjunction with the U.S. Department of Labor, Bureau of Labor Statistics.

Estimated Hours and Earnings of Production Workers in Selected Industries Arizona

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	June* 1990	May 1990	June 1989	June* 1990	May 1990	June 1989	June* 1990	May 1990	June 1989
Manufacturing	413.11	409.25	405.78	40.7	40.6	40.7	10.15	10.08	9.97
Aircraft & Missiles	676.17	635.06	601.20	46.6	45.2	44.5	14.51	14.05	13.51
Food & Kindred Prod.	338.72	337.79	337.98	38.8	39.6	39.3	8.73	8.53	8.60
Primary Metals	493.72	502.93	512.45	36.9	37.9	38.1	13.38	13.27	13.45
Machinery	356.42	363.64	396.81	37.4	37.8	39.8	9.53	9.62	9.97
Copper Mining	607.47	602.48	562.72	44.7	44.3	44.1	13.59	13.60	12.76
Construction	465.21	460.49	429.16	38.8	37.9	36.4	11.99	12.15	11.79
Utilities	765.93	757.68	669.98	45.7	45.1	41.9	16.76	16.80	15.99
Retail Trade**	261.41	254.61	253.01	33.3	32.6	33.6	7.85	7.81	7.53
Wholesale Trade	383.17	380.21	371.72	38.9	39.4	38.6	9.85	9.65	9.63

Estimated Hours and Earnings of Production Workers in Selected Industries Maricopa County

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	June* 1990	May 1990	June 1989	June* 1990	May 1990	June 1989	June* 1990	May 1990	June 1989
Manufacturing	436.18	426.42	428.48	41.7	41.2	41.2	10.46	10.35	10.40
Construction	474.15	464.25	446.49	38.3	37.5	36.9	12.38	12.38	12.10
Retail Trade**	273.17	265.79	269.26	33.6	33.1	34.3	8.13	8.03	7.85
Wholesale Trade	390.20	385.70	389.22	37.7	38.0	39.0	10.35	10.15	9.98

Estimated Hours and Earnings of Production Workers in Selected Industries Pima County

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	June* 1990	May 1990	June 1989	June* 1990	May 1990	June 1989	June* 1990	May 1990	June 1989
Manufacturing	352.59	351.50	358.13	36.5	37.0	37.5	9.66	9.50	9.55
Construction	396.23	398.54	389.71	37.1	36.8	36.8	10.68	10.83	10.59
Utilities	610.34	587.76	581.98	40.5	39.5	41.1	15.07	14.88	14.16

* Preliminary.

** Excludes eating and drinking places.

Note: These estimates are based on a sample of full- and part-time production and related employees whose payroll and hours are reported for the pay period which includes the 12th of the month. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Arizona Labor Force and Employment for Economic Assistance Programs June 1990

County	Civilian Labor Force	Employment	Unemployment	Rate
Statewide	1,752,040	1,650,518	101,522	5.8%
Apache	13,385	10,623	2,762	20.6
Cochise	37,160	34,684	2,476	6.7
Coconino	46,682	42,872	3,810	8.2
Gila	13,245	11,988	1,257	9.5
Graham	8,319	7,682	637	7.7
Greenlee	2,899	2,657	242	8.3
La Paz	6,726	6,230	496	7.4
Maricopa	1,090,315	1,040,135	50,180	4.6
Mohave	38,437	36,207	2,230	5.8
Navajo	29,060	25,498	3,562	12.3
Pima	317,591	303,409	14,182	4.5
Pinal	39,613	36,435	3,178	8.0
Santa Cruz	12,295	10,206	2,089	17.0
Yavapai	41,180	39,309	1,871	4.5
Yuma	55,136	42,585	12,551	22.8

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators.

NOTE: Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

The Arizona Labor Force in June

(Continued from page 7)

over June 1989. On the other hand, service-sector employment in Pima County was up 5.1 percent over the previous year, even though the county showed no gain in service employment in June.

Service employment in Arizona was up 1,900 in June, an increase of 600 over normal levels. This gain was split almost equally between Maricopa County and the non-metropolitan counties.

Construction employment in the state showed a near-average monthly gain of 1,800. Maricopa County experienced an increase of 1,000, with the other 800 jobs split almost equally between Pima and the non-metropolitan counties.

Although construction employment in Arizona has declined 2.9 percent from June 1989, this is a far cry from drops of 9 to 10 percent experienced in the prior three over-the-year periods ending in June.

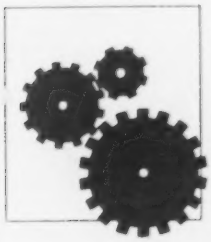
In summary, the Arizona economy continued to hold its own in June and improvements in manufacturing, construction, and service employment were an encouraging sign.

—Dennis Doby
RA Economist

New Developments

"New Developments" is featured each month as a service to our readers. This section is a compilation of public announcements and articles from newspapers and periodicals about events significant to Arizona labor markets. Due to space limitations, however, an exhaustive list of business news is not possible. In addition, the Arizona LMI Newsletter is not responsible for incorrect information reported by these sources.

MANUFACTURING — Up to 175 employees at **Motorola's Government Electronics Group** in Scottsdale will be laid off by the end of the year due to expected cutbacks by the Defense Department. One hundred temporary contractors at the Motorola unit — which makes communications systems and radar equipment used by ships, aircraft, and satellites — will also lose employment.



Internac Aviation, which specializes in rebuilding and repairing commercial aircraft, has brought back 95 employees who were laid off in February and July. The Dallas-based company, which operates out of the Phoenix-Goodyear Municipal Airport, currently has a work force of 330, down from about 500 at the beginning of 1990.

Construction is under way on a 6,200-square-foot office building in Yuma that will house the administrative offices for **SANA U.S.**, an Osaka, Japan-based company that will operate a food-processing plant in nearby San Luis, Mexico, that will employ 100 workers beginning in September. A division of Naigai Foods Ltd., SANA U.S. will send vegetables and beef from Yuma and Imperial (Calif.) counties to the Mexico plant for processing, then transport the product to Los Angeles to be quick-frozen and shipped to Japan.

Plans to lay off 17,000 workers worldwide by **McDonnell Douglas Corp.** — 800 of which will come from its helicopter plant in Mesa — should not affect employment in Yuma, where the company is testing the $90 million MD-11 passenger jet. The St. Louis-based aircraft company employs between 200 and 500 workers at the Yuma facility depending on the stage of testing.

Expansion of the marketing headquarters of **Rodel Products Corp.** in Scottsdale is expected to lead to the doubling of its current sales and marketing staff of 30 within the next four years. Rodel, which specializes in the manufacture of semiconductor wafer-polishing products, expects its sales to rise rapidly as new markets open in Europe and the Soviet Union.

Defense-spending cuts have led to the layoff of an unspecified number of workers at **ICI Composites** in Tempe, where 225 people are employed. London-based ICI designs and manufactures structurally different materials that are used in products ranging from golf clubs to the Stealth bomber. One area affected by the cutbacks at the Tempe facility is research and development.

CONSTRUCTION — About 450 homes will be developed on a 110-acre site in south Phoenix by three Valley developers, **Continental Homes Inc., Homes by Polygon, and Knoell Homes**. Construction will begin on lots ranging from 5,000 to 8,000 square feet in three or four months. The site is bounded on the east and west by 48th and 44th streets, respectively, and on the north and south by the Galveston Street alignment and Chandler Boulevard, respectively.

TRADE — Ground has been broken on **Saturn of Glendale**, the first of at least six Valley dealerships for General Motors' new Saturn automobile. The dealership, which will be located at 4610 W. Camelback Road and employ 65 workers, is owned by **Grubb Automotive Inc.**, which also runs Ford and Chevrolet outlets in the Phoenix area. Metropolitan Phoenix will be one of the first test markets for the widely awaited GM car that has been in development for eight years and is expected to compete against foreign imports.

Dillard Department Stores has selected a site in Gilbert for its Western regional distribution center. The **400,000-square-foot facility** will replace Dillard's current distribution center on Priest Drive in Tempe. No information is available on the move's effect on employment.

National retailer **Mervyn's**, which this fall is opening its 12th store in Arizona (Superstition Spring's Mall in Mesa), has announced plans for a new Peoria location — at 83rd Avenue and Bell Road — that will open in 1992.

Four retailers have signed agreements to lease space in the 575,000-square-foot second phase of the **Scottsdale Pavilions** shopping center, Indian Bend and Pima roads. The new tenants are: Linens Plus, which features bedding sup-

(Continued on page 14)

(Continued from page 13)

plies; two athletic stores, Van's Pro Shop and Sports Heroes; and a gourmet coffee shop, Romancing The Bean.

Los Arcos Mall in Scottsdale has leased space to 18 new stores after undergoing extensive renovation the past year. Among retailers planning to open locations this year are: Merle Harmons' Fan Fair, Shoe Gallery, P.J.'s Boutique, Rave, T-Shirts Plus, Things Remembered, Attivo Men's Apparel, and Radio Shack.

Six stores have committed to space in the 145,000-square-foot **Talavi Towne Center**, Bell Road and 59th Avenue, which will be anchored by a Wal-Mart. Retailers expecting to open in November include: Peach Tree Fashions, a ladies' clothier; Payless Shoe Source; Brea.. of Life, a Christian bookstore; two restaurants, Pail-O-Pasta and Captain Bills; and hairstyler Cost Cutters.

A distributor of small-airplane parts, **KRN Inc.**, is moving from Tempe to Mesa as part of plans to start providing maintenance of general-aviation aircraft. Between five and 10 employees will be added to KRN's payroll in the next 12 to 18 months, following the move to a 16,800-square-foot site at Falcon Field

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The opening of a wholesale auto-parts warehouse in Phoenix will lead to employment of about 100 workers. Scheduled to begin business in mid-September at 2701 W. Thomas Road, the San Diego-based **Auto Parts Club Inc.** will sell name-brand parts, accessories, and industrial supplies. The Auto Parts Club will primarily cater to individuals and businesses that pay a membership fee, but will also sell merchandise to anyone in the general public who pays a 10 percent premium.

SERVICES — **Thomas-Davis Medical Center** of Tucson expects its facilities in Maricopa County to hire an additional

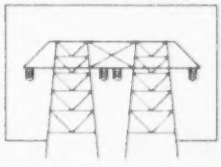
100 physicians and 600 staff workers during the next five years. Thomas-Davis has opened offices this year in Ahwatukee, Chandler and Scottsdale, and plans to open a Moon Valley medical center in November. And the company, which also has an office in Tempe, says its expansion plans also call for a new location in the northwest part of Tucson.

The clanging of slot machines at the recently opened **Flamingo Hilton Laughlin** will mean the clanging of change in the pockets of 1,900 new employees, of which about 80 percent are expected to live across the Colorado River in or around Bullhead City. The Flamingo Hilton is expected to bring an additional 650 spinoff jobs to the area (primarily in Arizona) as well as increase the population by 4,500. Bullhead City's population has skyrocketed from 10,000 to an estimated 25,000 in the past 10 years.

Negotiations have ended between **Sky Harbor International Airport** and **Tishman Development and Acquisition Associates** to build a $30 million, 250- to 300-room hotel on a seven-acre site near Terminal 1 where a Travelodge once stood. Length of a lease was the major stumbling block between the parties.

Visa U.S.A. is considering Tempe as a site for a **200-employee, merchant-service operation** that would be used to help businesses when problems occur with Visa credit-card transactions. The merchant-assistance facility, which will need 20,000 to 25,000 square feet of space, would be run by Tempe-based **P.O.S. Systems Co.**

TRANSPORTATION, COMMUNICATIONS, AND PUBLIC UTILITIES — **Arizona Public Service Co.** (APS), the state's largest utility, has announced plans for $770



million in budget cuts through 1995, which will mean a significant reduction in its work force of 7,700. The cuts, which also affect equipment and construction, come on top of a $578 million budget cut announced in June. The planned reductions come at a time when APS' parent company, Pinnacle West Corp., is facing a takeover challenge from Oregon-based PacifiCorp. as well ss trying to offset losses from investments in a failed thrift and a uranium mining company.

Touch Tone America, a discount, long-distance telephone company, is moving its corporate headquarters to Phoenix from New York City. Touch Tone, which will located at 11801 N. Tatum Blvd., provides service to medium- and small-size companies. A staff of seven will be hired and trained by the end of the year.

FINANCE, INSURANCE, AND REAL ESTATE — San Diego-based **Great American Bank** has sold all but one of

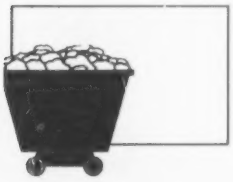
its 130 California branches to Wells Fargo & Co. of San Francisco and is moving its retail-banking headquarters to Arizona. Great American, which expects the infusion of cash from the sale to help offset significant recent losses, will still maintain 81 branches, 56 in Arizona. The bank has not announced a location for its office or

(Continued on page 15)

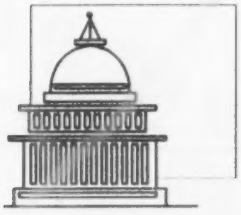
(Continued from page 14)
expected employment from the move.

Sales of new homes in the Phoenix metropolitan area in the first half of 1990 were 2 percent below the levels of 1989 — considered one of the worst years in recent history — while used-home sales increased 19 percent, according to the *Phoenix Housing Market Letter*. Continental Homes Inc. and UDC Homes far outdistanced their nearest competitors in new-home sales the first six months of 1990 with 564 and 514, respectively, out of a total of 5,631 for the county. The median price of a new home in the Valley is about $100,000, compared to a used home price of around $80,000.

MINING — Union copper workers at **Asarco Inc.'s Ray mine** near Tucson ratified a three-year agreement in late July that will give employees an immediate $2-an-hour increase and an additional 25 cents per hour in both 1991 and 1992. Asarco's 700 mine workers, who went on strike July 1, will now make between $10 and $16 per hour. The settlement follows the lead of two other major copper mining companies — Phelps Dodge and Kennecott — that reached agreements with miners in New Mexico and Utah earlier this year.



GOVERNMENT — An Air Force study shows the closure of **Davis-Monthan Air Force Base** (see "New Developments," July 1990) would cause the Pima County area to lose more than 10,000 jobs, 15,000 people, and $250 million in local spending. The Defense Department is planning to close one of three sites that house the A-10 attack jet, with a base in Myrtle Beach, S.C., being the top choice.



Due to the high number of bankruptcies in Arizona (see "MISCELLANEOUS"), the federal government will hire nearly 30 desk clerks and administrators in the Phoenix and Tucson areas by the end of September, while two or three other individuals will be hired to establish a court division in Yuma County. When the expansion is complete, the **state's federal bankruptcy court system** will trail only Los Angeles, Chicago, and San Francisco in size, having nearly 120 employees.

MISCELLANEOUS — In its August-September issue, *World Trade* magazine rated Tucson as one of the Top 10 cities in North America for locating international companies. The high number of maquiladoras operating in the immediate area and the opening of an Asian trade office, along with Tucson's rating in five other standard measures, make the Old Pueblo attractive to international business, the magazine says. Maquiladora, Spanish for assembly plant, is the "twin-plant" concept where U.S. companies farm out some assembly work in Mexico for goods that are manufactured in this country.

But with the good comes the bad, and according to SMR Research Corp., the **Tucson metropolitan area** ranked first, on a percentage basis, in terms of **number of bankruptcies** in 1989. Nearly 50 out of every 1,000 businesses in Tucson filed for bankruptcy, which is five times greater than the national average. As would be expected, construction and real estate companies, many of which started business during the boom period of the mid-80s, were caught in the state's slumping real estate market. Metropolitan Phoenix, meanwhile, didn't fare much better, coming in 16th in the New Jersey-based company's study.

The **Phoenix metropolitan area's 3-percent growth rate** (29,100 jobs) from the first quarter of 1989 to the first quarter of 1990 ranked the Valley 9th among the 20 largest metropolitan statistical areas (MSAs). The Southern California area of Riverside-San Bernardino was the fastest growing MSA with a growth rate of 6.4 percent.

High-tech companies in the Valley with 1,000 or fewer employees closely followed a national hiring pattern last year, according to CorpTech of Massachusetts. Phoenix-area companies enlarged staffs by an average of 17.7 percent (575 jobs), compared to a national average of 20.5 percent.

Arizonans' personal income rose 7.1 percent from the first quarter of 1989 to the first quarter of 1990, according to data released in July by the U.S. Department of Commerce's Bureau of Economic Analysis. The state's increase was slightly above the national rate of 6.9 percent, but considerably below other western states, such as Nevada (12.2 percent), which led the country, and Washington (9.6 percent), California (8.2 percent) and Utah (8.4 percent). Personal income is defined as income received from all sources less contributions for social insurance.

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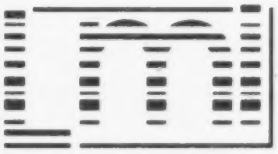

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